

118TH CONGRESS
1ST SESSION

S. _____

To establish within the Department of the Treasury the Office of the Special Inspector General for Financial Regulatory Abuses and Misconduct, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. VANCE introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To establish within the Department of the Treasury the Office of the Special Inspector General for Financial Regulatory Abuses and Misconduct, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Financial Regulatory
5 Accountability Act of 2023”.

6 **SEC. 2. SPECIAL INSPECTOR GENERAL FOR FINANCIAL**
7 **REGULATORY ABUSES AND MISCONDUCT.**

8 (a) **DEFINITIONS.**—In this section:

1 (1) APPROPRIATE COMMITTEES OF CON-
2 GRESS.—The term “appropriate committees of Con-
3 gress” means—

4 (A) the Committee on Banking, Housing,
5 and Urban Affairs of the Senate;

6 (B) the Subcommittee on Financial Serv-
7 ices and General Government of the Committee
8 on Appropriations of the Senate;

9 (C) the Committee on Financial Services of
10 the House of Representatives; and

11 (D) the Subcommittee on Financial Serv-
12 ices and General Government of the Committee
13 on Appropriations of the House of Representa-
14 tives.

15 (2) COVERED AGENCIES.—The term “covered
16 agencies” means—

17 (A) the Securities and Exchange Commis-
18 sion;

19 (B) the Board of Governors of the Federal
20 Reserve System;

21 (C) the Office of the Comptroller of the
22 Currency;

23 (D) the Federal Deposit Insurance Cor-
24 poration;

1 (E) the Commodity Futures Trading Com-
2 mission;

3 (F) the Federal Housing Finance Agency;

4 (G) the Bureau of Consumer Financial
5 Protection; and

6 (H) the National Credit Union Administra-
7 tion.

8 (b) OFFICE OF INSPECTOR GENERAL.—There is
9 hereby established within the Department of the Treasury
10 the Office of the Special Inspector General for Financial
11 Regulatory Abuses and Misconduct.

12 (c) APPOINTMENT OF INSPECTOR GENERAL; RE-
13 MOVAL; BASIC PAY.—

14 (1) IN GENERAL.—The head of the Office of
15 the Special Inspector General for Financial Regu-
16 latory Abuses and Misconduct shall be the Special
17 Inspector General for Financial Regulatory Abuses
18 and Misconduct (referred to in this section as the
19 “Special Inspector General”), who shall be appointed
20 by the President, by and with the advice and consent
21 of the Senate.

22 (2) NOMINATION.—The nomination of the Spe-
23 cial Inspector General shall be made on the basis of
24 integrity and demonstrated familiarity with the fi-
25 nancial sector and industry, in addition to an ability

1 in accounting, auditing, financial analysis, law, man-
2 agement analysis, securities regulation, prudential
3 banking regulation, derivatives regulation, public ad-
4 ministration, or investigations.

5 (3) REMOVAL.—The Special Inspector General
6 shall be removable from office in accordance with
7 the provisions of section 403(b) of title 5, United
8 States Code.

9 (4) BASIC PAY.—The annual rate of basic pay
10 of the Special Inspector General shall be the annual
11 rate of basic pay for an Inspector General under sec-
12 tion 403(e) of title 5, United States Code.

13 (d) DUTIES.—

14 (1) IN GENERAL.—It shall be the duty of the
15 Special Inspector General to, in accordance with sec-
16 tion 404(b)(1) of title 5, United States Code—

17 (A) receive, review, and investigate allega-
18 tions from entities regulated by the covered
19 agencies regarding supervisory, regulatory, and
20 examination abuses and misconduct at any of
21 the covered agencies with respect to the indus-
22 try overseen by the applicable covered agency,
23 including any ideological bias demonstrated by
24 the covered agency or any employee of the cov-
25 ered agency; and

1 (B) make recommendations to the applica-
2 ble covered agency and to the appropriate com-
3 mittees of Congress regarding—

4 (i) measures that the covered agency
5 should take to remedy any abuses or mis-
6 conduct described in subparagraph (A);
7 and

8 (ii) any employee of the covered agen-
9 cy that the Special Inspector General de-
10 termines, after a review or investigation
11 described in subparagraph (A), should face
12 disciplinary action (including removal) as a
13 result of abuses or misconduct described in
14 that subparagraph.

15 (2) MAINTENANCE OF SYSTEMS.—The Special
16 Inspector General shall establish, maintain, and
17 oversee such systems, procedures, and controls as
18 the Special Inspector General considers appropriate
19 to discharge the duties of the Special Inspector Gen-
20 eral under paragraph (1).

21 (3) ADDITIONAL DUTIES AND RESPONSIBIL-
22 ITIES.—In addition to the duties described in para-
23 graphs (1) and (2), the Special Inspector General
24 shall also have the duties and responsibilities of in-

1 spectors general under chapter 4 of title 5, United
2 States Code.

3 (4) CONFIDENTIALITY OF INFORMATION.—The
4 Special Inspector General shall maintain the con-
5 fidentiality of the identity of any person, employing
6 entity, or regulated entity submitting information to
7 the Special Inspector General for the purposes of
8 carrying out the duties of the Special Inspector Gen-
9 eral under this section, including in any report sub-
10 mitted under subsection (g).

11 (e) POWERS AND AUTHORITIES.—

12 (1) IN GENERAL.—In carrying out the duties of
13 the Special Inspector General under subsection (d),
14 the Special Inspector General shall have the authori-
15 ties provided in section 406 of title 5, United States
16 Code.

17 (2) TREATMENT OF OFFICE.—The Office of the
18 Special Inspector General shall be considered to be
19 an office described in section 406(f)(3) of title 5,
20 United States Code, and shall be exempt from an
21 initial determination by the Attorney General under
22 section 406(f)(2) of that title.

23 (f) PERSONNEL, FACILITIES, AND OTHER RE-
24 SOURCES.—

1 (1) APPOINTMENT OF OFFICERS AND EMPLOY-
2 EES.—

3 (A) IN GENERAL.—The Special Inspector
4 General may select, appoint, and employ such
5 officers and employees as may be necessary for
6 carrying out the duties of the Special Inspector
7 General.

8 (B) STATUS.—The positions to which offi-
9 cers and employees are appointed under sub-
10 paragraph (A) shall be positions in schedule C
11 of subpart C of part 213 of title 5, Code of
12 Federal Regulations, or any successor regula-
13 tions.

14 (2) EXPERTS AND CONSULTANTS.—The Special
15 Inspector General may obtain services as authorized
16 under section 3109 of title 5, United States Code,
17 at daily rates not to exceed the equivalent rate pre-
18 scribed for grade GS-15 of the General Schedule by
19 section 5332 of that title.

20 (3) CONTRACTS.—The Special Inspector Gen-
21 eral may enter into contracts and other arrange-
22 ments for audits, studies, analyses, and other serv-
23 ices with public agencies and with private persons,
24 and make such payments as may be necessary to

1 carry out the duties of the Special Inspector Gen-
2 eral.

3 (4) REQUESTS FOR INFORMATION.—

4 (A) IN GENERAL.—Upon request of the
5 Special Inspector General for information or as-
6 sistance from any department, agency, or other
7 entity of the Federal Government, including
8 from any covered agency, the head of that de-
9 partment, agency, or entity shall, to the extent
10 practicable and not in contravention of any ex-
11 isting law, furnish that information or assist-
12 ance to the Special Inspector General, or an au-
13 thorized designee.

14 (B) REFUSAL TO PROVIDE REQUESTED IN-
15 FORMATION.—Whenever information or assist-
16 ance requested by the Special Inspector General
17 is, in the judgment of the Special Inspector
18 General, unreasonably refused or not provided,
19 the Special Inspector General shall report the
20 circumstances to the appropriate committees of
21 Congress without delay.

22 (C) CONGRESSIONAL ACCESS.—The Spe-
23 cial Inspector General may provide any record
24 or other piece of information obtained under

1 this paragraph to the appropriate committees of
2 Congress.

3 (g) REPORTS.—

4 (1) QUARTERLY REPORTS.—

5 (A) IN GENERAL.—Not later than 60 days
6 after the date on which the Special Inspector
7 General is confirmed, and once every calendar
8 quarter thereafter, the Special Inspector Gen-
9 eral shall submit to the appropriate committees
10 of Congress a report summarizing the activities
11 of the Special Inspector General during the 3-
12 month period ending on the date on which the
13 Special Inspector General submits the report.

14 (B) CONTENTS.—Each report submitted
15 under subparagraph (A) shall include, for the
16 period covered by the report, the following:

17 (i) A general description of the allega-
18 tions received and reviewed by the Special
19 Inspector General under subsection
20 (d)(1)(A).

21 (ii) Recommendations of the Special
22 Inspector General regarding reforms that
23 the Special Inspector General believes
24 should be undertaken with respect to the
25 authority of the Special Inspector General

1 and matters within the authority of the
2 Special Inspector General to review and in-
3 vestigate, including the authority described
4 in subsection (d)(1)(B).

5 (iii) For a covered agency with respect
6 to which an allegation submitted under
7 this section applies, the steps that the cov-
8 ered agency has taken, and has yet to
9 take, to remedy the issues outlined in the
10 allegation.

11 (iv) Data regarding the number of al-
12 legations received and reviewed by the Spe-
13 cial Inspector General under this section
14 that document legitimate acts of abuse or
15 misconduct, as determined by the Special
16 Inspector General, which shall—

17 (I) be disaggregated by the num-
18 ber of acts of abuse or misconduct
19 committed by each covered agency;
20 and

21 (II) contain a separate provision
22 listing the number of those acts that
23 relate to ideological bias, which shall
24 be disaggregated as described in sub-
25 clause (I).

1 (v) Commentary by the Special In-
2 spector General regarding the level of co-
3 operation by each covered agency with re-
4 spect to reviews and investigations per-
5 formed by the Special Inspector General,
6 including, with respect to each covered
7 agency, whether the covered agency has
8 implemented recommendations made by
9 the Special Inspector General and whether
10 the covered agency has provided informa-
11 tion or access requested by the Special In-
12 spector General.

13 (2) RULE OF CONSTRUCTION.—Nothing in this
14 subsection may be construed to authorize the public
15 disclosure of information that is—

16 (A) specifically prohibited from disclosure
17 by any other provision of law;

18 (B) specifically required by Executive order
19 to be protected from disclosure in the interest
20 of national defense or national security or in
21 the conduct of foreign affairs; or

22 (C) a part of an ongoing criminal inves-
23 tigation.

1 (h) FUNDING.—There are authorized to be appro-
2 priated \$25,000,000 to carry out this section, which shall
3 remain available until expended.

4 (i) COUNCIL OF THE INSPECTORS GENERAL ON IN-
5 TEGRITY AND EFFICIENCY.—The Special Inspector Gen-
6 eral shall be a member of the Council of the Inspectors
7 General on Integrity and Efficiency established under sec-
8 tion 424 of title 5, United States Code.

9 (j) CORRECTIVE RESPONSES TO AUDIT PROB-
10 LEMS.—A covered agency shall—

11 (1) take action to address deficiencies identified
12 by a report or investigation of the Special Inspector
13 General; or

14 (2) with respect to a deficiency identified under
15 paragraph (1), certify to the appropriate committees
16 of Congress that no action is necessary or appro-
17 priate.

18 (k) RULE OF CONSTRUCTION.—Nothing in this sec-
19 tion may be construed as limiting the authority of the In-
20 spector General of the Federal Deposit Insurance Cor-
21 poration, the Inspector General of the Federal Housing
22 Finance Agency, or the Inspector General of the National
23 Credit Union Administration.

24 **SEC. 3. LIMITATION ON REGULATORY AUTHORITY.**

25 (a) DEFINITIONS.—In this section:

1 (1) COVERED ACTION.—The term “covered ac-
2 tion” means—

3 (A) the initiation by a covered agency of
4 an enforcement action, including the issuance of
5 a cease and desist order; or

6 (B) the issuance by a covered agency of a
7 matter requiring attention, a matter requiring
8 immediate attention, or a matter requiring
9 board attention with respect to a supervisory
10 activity conducted by the covered agency.

11 (2) COVERED AGENCIES.—The term “covered
12 agencies” has the meaning given the term in section
13 2(a).

14 (b) PROHIBITION.—Notwithstanding any other provi-
15 sion of law or regulation, no covered agency may take any
16 covered action against an entity supervised by the covered
17 agency, or require such an entity to take any action, based
18 on considerations of reputational risk.